

TAB 43

ROXANE LABORATORIES, INC.

STATEMENT OF INCOME

Thousands U.S.\$

	Budget 1996	Actual 1996	Budget 1997
Net Sales	233,776	253,565	327,795
Cost of Goods Sold	109,755	100,890	159,090
Marketing & Advertising	28,230	30,455	49,796
Research & Medical, I	18,523	16,329	24,457
Administration	5,081	4,548	5,144
Distribution and Royalties	18,463	19,923	14,892
Other	3,651	7,723	5,206
Contribution III	50,073	73,697	69,210
Operating Income (Loss)	50,073	73,697	69,210
Financial Income (Expense)	(3,966)	(1,433)	(3,071)
Profit Before Tax	46,107	72,264	66,139
Income Tax	17,974	33,130	25,734
Net Income After Tax	28,133	39,134	40,405

ROXANE LABORATORIES, INC.
COMMENTARY

Millions U.S.\$

Cost of Goods Sold

- Favorable relative to Budget; 39.8% of Net Sales versus Budget of 46.9%:
 - favorable sales price variance (positively affecting Net Sales);
 - favorable product mix e.g. sales of Viramune, Azathioprine and Diclofenac;
 - favorable LIFO variance (\$5.4).

Marketing and Advertising

- Above Budget \$2.2 as a result of transferring marketing of Viramune from BIPi to Roxane.

Research and Medical -National

- Medical cost \$2.4 under Budget due to not finalizing new contracts with PPD-Pharmaco, Quintiles, Parexel and Harris until 1997.

Other Operating Expenses

- Above Budget \$4.1 due to:
 - reserves for bad debts above Budget resulting from unexpected bankruptcy of a major distributor Fox Meyer (\$2.7) and other additional reserves for bad debts (\$0.7).
 - unbudgeted amortization of Duraclon (Clonidine) Epidural from Fujisawa (\$0.5).

ROXANE LABORATORIES, INC.**STATEMENT OF FINANCIAL POSITION****Thousands U.S.\$**

	Budget 1996	Actual 1996	Budget 1997
<u>Assets</u>			
Accounts Receivable	39,000	34,446	37,000
Receivable from Affiliates	-	-	-
Prepaid Expenses	200	373	200
Inventories	35,500	54,042	50,000
Total Current Assets	74,700	88,861	87,200
Intangible Assets	18,415	38,029	33,455
Property, Plant and Equipment	104,526	89,046	126,578
Other Assets	4,680	4,827	4,646
Total Assets	202,321	220,763	251,879
<u>Liabilities</u>			
Accounts Payable & Accrued Liabilities	22,080	40,813	25,500
Payables to Banks	6,000	2,937	7,000
Accrued Taxes	4,500	5,366	5,000
Payables to Affiliates	-	-	-
Loans from Affiliates	46,038	31,216	43,537
Total Liabilities	78,618	80,332	81,037
<u>Stockholder's Equity</u>			
Capital Stock	19	19	19
Additional Paid-In Capital	8,735	8,735	8,735
Retained Earnings	114,949	131,677	162,088
Total Stockholder's Equity	123,703	140,431	170,842
Total Liabilities & Stockholder's Equity	202,321	220,763	251,879